

TANF FUNDING

The Republican Bill Maintains Current Funding For TANF Despite Unprecedented Caseload Declines

Despite significant caseload reductions, the Republican bill maintains the current TANF block grant at record highs and increases child care funding by \$2 billion.

- For each of the next 5 years (2004-2008), States will receive \$16.6 billion in Federal TANF block grant funds – the same as in years 1997-2003.
- States must continue to provide 75 percent of their former welfare spending (the “maintenance of effort” or MOE requirement, equal to at least \$10.4 billion per year) to receive full Federal funding.
- Plus the bill adds \$2 billion over five years to the already historic high level of child care funding (now funded at \$4.8 billion per year, and rising to as much as \$5.2 billion in 2004).

Thus, a total of \$169 billion in Federal and TANF and child care funds will be available over the next 5 years (2004-2008). This high funding is made available despite unprecedented caseload declines.

- The 1996 welfare reform law set and maintained Federal welfare funding levels at their all-time peak in 1994-95.
- TANF block grant funds are maintained at that level despite unprecedented national caseload declines of more than 50 percent since August 1996:

Falling Welfare Rolls Since Welfare Law Signed (HHS Data)

	August 1996	June 2002	Drop
Families	4.4 million	2.0 million	54.5 percent
Recipients	12.2 million	5.0 million	59 percent

- The new welfare law is a primary reason the caseloads fell. However, *if* we had maintained AFDC and *if* the caseloads had still fallen steeply (which never happened before), Federal welfare funds would have been slashed, too. They weren’t cut due to the fixed TANF block grant. In the past, AFDC funds rose (mostly) or fell (almost never) with changes in the caseload.
- States currently (September 2001) have \$7.4 billion in unspent TANF funds. (*Source: Center on Budget and Policy Priorities report, March 21, 2002*)

Other Welfare Spending Data (Source: Heritage Foundation)

- The annual cost of the welfare system averages \$5,600 in taxes from each household that paid Federal income tax in 2000.
- Since the War on Poverty began in 1965:
 - Welfare spending as a percentage of GDP grew from 1.2% in 1965 to 4.4 % today.
 - We now spend 10 times as much on welfare.
 - Welfare spending has risen every year but four (in constant dollars).